Mr. SPEAKER —It is a very important suggestion, which the Leader of the Opposition, after mature consideration has made. I will bestow still greater attention on it at a later date.

CALLING ATTENTION TO A MATTER OF URGENT PUBLIC IMPORTANCE *re:* CLOSURE OF M.S.K. MILLS, GULBARGA

Sri DIGAMBAR RAO BALWANT RAO (Aland).—Sir, I wish to call the attention of the Chief Minister regarding the 'Closure of M.S.K. Mills at Gulbarga' and consequent unemployment caused thereby, under Ruls 63.

Sri S. NIJALINGAPPA (Chief Minister).—It may be stated that the Government of India have already appointed an Enquiry Committee on the M.S.K. Mills Company Ltd., Gulbarga to enquire into the problems faced by the Company. Government have carefully considered the Report of this Enquiry Committee and are of the opinion that the Mills do not have a case on economic grounds. The State Government have already extended financial assistance to the extent of Rs. 171.59 lakhs to the Mills Company and the first stage of rehabilitation involved a total outlay of Rs. 24.50 lakhs. The result of implementing this scheme of rehabilitation has not been encouraging. It has not contributed anything towards the improvement in the economic working and financial position of the Company.

The Mills Company has become an unsound financial proposition on account of heavy accumulated losses, worn out machinery and other problems like the abnormal rise in prices of cotton, imposition of statutory control over the cloth prices, devaluation of the rupee and consequent rise in the cost of production and of the rehabilitation, general crisis in the textile trade and the Bonus Act which added to the burden of the Company.

At present the Mills Company is incurring heavy losses and has to pay interest to the extent of more than rupees one lakh per month. To continue the Mills in the present state would mean a monthly loss of about Rs. 2.5 to 3 lakhs or about Rs. 30 lakhs loss per year or even more. At this rate it is feared that in the next two years, there will be a total loss of all investmement of Government.

The rehabilitation of the Mills Company, was also considered and it was seen that it would involve heavy investment from Government at the cost of other priority items of development and considerable and drastic means to reconstruct the existing company. Therefore, there appears to be no alternative to the decision to close the Mills Company as already resolved by the Board of Directors.